

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7435**

**BILL NUMBER:** HB 1568

**NOTE PREPARED:** Jan 9, 2005

**BILL AMENDED:**

**SUBJECT:** Hearings on appeals of budgets, rates, and levies.

**FIRST AUTHOR:** Rep. Cherry

**BILL STATUS:** As Introduced

**FIRST SPONSOR:**

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** This bill requires the Department of Local Government Finance (DLGF) to publish notice and hold a hearing on an objecting petition concerning budgets, rates, and levies filed by taxpayers. It eliminates the limitation against filing such a petition unless a certain percentage of petitioners also objected locally. It prohibits the DLGF from holding a hearing on local budgets, rates, and levies if an informational notice is not published by the county auditor at least ten days before the date of the hearing.

**Effective Date:** July 1, 2005.

**Explanation of State Expenditures:** Under existing law, 10 or more taxpayers may object to a budget, tax rate, or tax levy of a political subdivision by filing an objection petition with the political subdivision not more than 7 days after the hearing before the adoption of the budget. If a petition is filed, the fiscal body of the political subdivision must adopt with its budget a finding concerning the objections in the petition and any testimony presented at the adoption hearing. The budget is then sent to the county board of tax adjustment to determine if the maximum aggregate tax rate permitted is not exceeded. As soon as the budgets, tax rates, and tax levies are approved or modified by the county board of tax adjustment, the county auditor must within 15 days prepare a notice of the tax rates to be charged on each \$100 of AV for the various funds in each taxing district. The notice must also inform the taxpayers of the manner in which they may appeal the county's action.

Under existing law, if the fiscal body of the subdivision and the county did not change the budget and levy in response to the taxpayers petition, a group of 10 or more taxpayers may not initiate an appeal to the DLGF against provisions of the budget and tax levy if less than 75% of the taxpayers on the petition to the DLGF were on the original petition to the local subdivision.

The proposal eliminates the limitation against filing a petition unless a certain percentage of petitioners also objected locally. This provision could result in more petitions being filed with the DLGF.

The proposal also provides that in the case of a petition to the DLGF, the DLGF must give at least a five-day notice to the first 10 taxpayers whose names appear on the petition of the date, time, and location of the hearing on the objection. After the hearing, the DLGF must consider the testimony and evidence submitted at the hearing and mail the DLGF's written determination and statement of findings to the first 10 taxpayers whose names appear on the petition. The DLGF may hold the hearing in response to a petition in conjunction with the DLGF's annual hearing of the budget conducted in the county.

The bill also provides that the DLGF may hold a local budget hearing only if a notice of the hearing is published by the county auditor at least 10 days before the date of the hearing.

The above provisions may result in increased administrative costs to the DLGF; however, it is presumed that the DLGF will be able to absorb any additional expenses given its existing budget and resources.

If local levies change as a result of the bill, state payments for PTRC and state homestead credits could also change. The impact, however, is indeterminable.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** It is possible that the consideration of additional petitions on local budgets could result in a change in local levies. If local levies change, the amount of local county option income tax revenue that is used for local homestead credits could also change. The overall impact, however, is indeterminable.

**State Agencies Affected:** DLGF.

**Local Agencies Affected:** All.

**Information Sources:**

**Fiscal Analyst:** Bernadette Bartlett, 317-232-9586.